

STATEMENT OF CONGRESSMAN LEONARD BOSWELL
BEFORE THE SENATE COMMERCE COMMITTEE FIELD HEARING
ON THE LACK OF COMPETITION IN THE AIRLINE INDUSTRY

APRIL 30, 1999
DES MOINES, IOWA

Mr. Chairman, I appreciate the opportunity to appear before your committee this morning to discuss an issue which is very important to my constituents in Iowa's Third Congressional District. I also appreciate the work you have been doing to develop a solution to the problem of high airfares plaguing a number of communities, especially in Iowa, across the nation.

In the 21 years since Airline Deregulation, the airline industry has thrived and most of the traveling public has experienced tremendous benefits from affordable airfares. I say most of the traveling public has benefitted, because as a recent GAO report stated, there are some "pockets of pain" communities who have suffered from inadequate competition and high airfares from the airlines serving them. I have been working with my Iowa Congressional colleagues, Senators Grassley and Harkin and Congressman Ganske, to not only raise awareness of this problem, but to find a solution.

This is a bipartisan issue and I appreciate the efforts of my constituents, Chambers of Commerce and business leaders to provide myself and others with the information necessary to educate our Congressional colleagues about the difficulties we are experiencing in Iowa. I also thank our capital city newspaper, the Des Moines Register, for a very detailed series of articles describing the problem of inadequate competition and unfair airfares in Iowa.

I was pleased to bring Secretary of Transportation Rodney Slater to Des Moines last August, to meet and discuss with Iowans this very problem. This was his first in a series of meetings across the nation to meet and discuss with communities plagued with inadequate competition and unfair airfares. We have received his assurance the Administration is committed to resolving this problem.

I have been working as a Member of the House Transportation and Infrastructure Committee's Subcommittee on Aviation to enhance competition within the airline industry and bring some relief to the "pockets of pain" communities suffering from high airfares. I am pleased my committee has reported a bill to the full House designed to achieve these objectives. I remain hopeful the full House will soon consider and adopt this badly needed measure.

We have successfully brought this problem into focus and raised its visibility, but now it is time to solve it. I am not advocating a return to Airline Regulation. I am advocating a restoration of competition in the airline industry and recognition and action by that industry to bring down the airfares which are gouging Iowans. You will hear from business officials, in a later panel, about the negative impact high airfares have had on economic development and opportunity in Iowa.

We have found business opportunities being stifled because of the airfares affecting our state. An important component for businesses locating or expanding has been adequate air service and reasonable airfares. Iowa must increase access and affordability to continue attracting new industry.

You will also hear this morning from a new entrant carrier, Iowa's own Access Air, and how this airline is bringing improved service and competitive airfares to our state. I have high hopes for this carrier and believe it can grow and prosper if the big guys don't step on it. I have already alerted the Departments of Transportation and Justice to initial efforts to implement predatory pricing against Access Air. We were successful in having the big guys back off, but I have a hunch they will try again.

A key component to bringing relief to Iowa's air travelers is to remove slot restrictions at the four slot controlled airports, New York's LaGuardia and JFK, Washington's Reagan National and Chicago's O'Hare. As the Secretary of Transportation recently stated, there is no safety reason for retaining the slot system. The slot system continues to serve as a barrier to competition and directly results in these unfair airfares. We need to either eliminate the slot controls or greatly increase the number of slots available so real competition can be restored to the airline industry. We need to adopt our respective FAA reauthorization bills, which improve the slot situation, and will restore long sought competition to our affected communities.

I also believe the implementation of the DoT's Competition Guideline Regulations will improve competition to the airline industry by curbing the unsavory practice of predatory pricing. Thirteen months ago, DoT unveiled the proposed guidelines and certain big air carriers immediately went to work to kill them. We have been successful in keeping the big guys from killing them so far, but until the regs are in place, we must remain vigilant.

I was pleased to hear of a recent investigation by our Department of Justice into antitrust practices by a major air carrier against a smaller entrant. We need our antitrust laws vigorously enforced so competition, as promised at the time of Airline Deregulation, can take place in the industry. I know these cases are complicated, lengthy and difficult to prove. However, the marketplace only works well when competitors actually compete rather than monopolize. I will continue working with the Attorney General to encourage her and her staff to aggressively investigate these unfair practices and provide her with the resources necessary to do the job.

Finally, we need to continue speaking out about this problem. Your hearing today serves notice to Iowans, and hopefully other "pockets of pain" communities that help is on the way. We must continue to identify these unfair practices, inadequate service and exorbitant airfares penalizing our communities. Only through the combined efforts of legislation, legal enforcement and close scrutiny of the airline industry can we see fairness in airfares and true competition restored.

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Thank you for the opportunity to appear before you today and I look forward to working with
's communities.